

## Employment After Retirement

As a retiree, you may become employed with a SDRS participating unit. If you are employed as a permanent full-time employee, you will become a contributing member of the system. If your employment is for less than a three-year period, you will only be eligible to receive a refund of your contributions upon the termination of your employment. If three or more years of service are performed, you may choose to have an additional allowance attributable to your subsequent service added to your initial benefit, or you may choose to receive a refund of your accumulated contributions from this service.

## Suspension of Annuity During Public Employment

If you have retired under normal retirement age and have not met the requirements of Special Early Retirement, your SDRS benefit will be suspended upon your return to permanent full-time employment with a SDRS participating unit. Upon subsequent termination of employment, your original benefit will be reinstated. If three or more years

of service are performed, you may choose to receive an additional allowance attributable to your subsequent service added to your initial benefit, or you may choose to receive a refund of your accumulated contributions from this service.

*If you retire under the provisions of Normal or Special Early Retirement, your SDRS benefit will not be suspended upon your return to work as a permanent full-time member. However, the yearly cost of living adjustment (COLA) will be eliminated during your period of re-employment (exception for Class B Public Safety re-employed in a Class A position).*

*Upon subsequent retirement, you must file an application to receive either your additional allowance or refund, whichever is applicable.*

*To qualify as a "permanent full-time" employee, you must be placed in a permanent classification and work for twenty or more hours a week and for at least six months a year with a participating unit of SDRS.*

## SDRS

222 East Capitol Ave  
Suite 8  
PO Box 1098  
Pierre, SD 57501-1098  
605-773-3731  
[www.sdrs.sd.gov](http://www.sdrs.sd.gov)

## RETIREMENT BENEFIT INFORMATION



## Your Retirement Benefit

**This brochure provides you with information regarding your SDRS retirement benefit. Please take a moment to review this document and retain for your future reference.**

### Electronic Direct Deposit

Electronic Direct Deposit is an option you may choose if you would like your benefit payment to bypass the mail service. With this option, your benefit payment is automatically deposited into your bank account on the 15<sup>th</sup> of each month.

This option guarantees that your benefit payment is available to you sooner, eliminates the danger of lost and/or delayed checks, and saves the retirement system thousands of dollars in postage each year. If you have not already signed up to receive Electronic Direct Deposit, please complete SDRS Form B-6, attach a voided check or savings account deposit slip, and return it to SDRS.

*If you do not choose to have your benefit payment automatically deposited into a bank account, your monthly benefit will be mailed from the SDRS office on the 15<sup>th</sup> of each month. This payment is for the current month.*

### Federal Income Tax Withholding

Under current Internal Revenue Service guidelines, most of your pension income will be taxable immediately upon your retirement. To ensure that SDRS withholds federal income taxes according to your wishes and in accordance with IRS guidelines, we ask that you complete IRS form W-4P, *Withholding Certificate for Pension or Annuity Payments* and return it to the SDRS office. We advise you to contact the IRS or your tax advisor for further details on completing this form.

In January of each year, SDRS will send you an IRS form 1099R that reflects the total gross distribution, taxable amount, and any federal income tax withheld for the year.

### Safe Harbor Method of Tax Recovery

If you made contributions to SDRS prior to July of 1984, you are entitled to a partial recovery of the contributions you made on an after-tax basis. SDRS uses the IRS simplified Safe Harbor method

to determine this tax exclusion. The difference between the gross distribution (reflected in Box 1 of your 1099R) and the taxable amount (reflected in Box 2A of your 1099R) represents this partial recovery.

Further information regarding the Safe Harbor method may be found in the instructions for IRS Form 1040.

*If you need to change your withholding amount, you will need to complete a new IRS form W-4P and return it to the SDRS office. You may contact SDRS to receive this form.*

*Please consult with your tax advisor to determine the proper withholding amount for your situation.*

### Survivor Benefits

A monthly benefit is payable for your lifetime and upon your death, 60% is payable to your spouse for their lifetime. Upon your and your spouse's death, any remaining balance of accumulated contributions will be paid to your designated beneficiary (ies) or to your estate, respectively.